

CalHome Draft Program Guidelines



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Agenda

- **Introduction**
- **Background**
- **Authority**
- **Key Changes**
- **Next Steps**
- **Public Comment**

Introduction





Introduction to the Public Comment Session

Presenter(s):

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Goals:

- Overview of CalHome draft program guidelines
- Gathering feedback from stakeholders

Background





Program Background

- CalHome was created by SB 1656, Chapter 84 of the Statutes of 2000, which took effect on July 5, 2000 to add Chapter 6, commencing with Section 50650, to the Health and Safety Code (HSC).
- The first CalHome Notice of Funding Availability (NOFA) was issued in November 2000, with the first funding awarded in April 2001.
- The most recent CalHome Disaster Relief NOFA was issued in May 2019, in response to the wildfire disasters in 2017 and 2018.



Program Background

- CalHome is intended to be used to assist the existing local homeownership programs aimed at lower and very-low income households in order to increase homeownership, encourage neighborhood revitalization and sustainable development, and maximize the use of existing homes.
- CalHome awards grants to local public agencies or nonprofits to mainly fund local programs undertaking loans.



Program Background

- CalHome Program activities include:
 - ✓ First-Time Homebuyer Mortgage Assistance
 - ✓ Owner-Occupied Rehabilitation Assistance (including reconstruction and rehabilitation of manufactured homes not on a permanent foundation)
 - ✓ Technical Assistance for Self-Help Housing Projects
 - ✓ Technical Assistance for Shared Housing Programs
 - ✓ Homeownership Project Development Loans

Authority





Current Authority

- Levels of Authority
 - State Statute: (HSC, Chapter 6, commencing with Section 50650)
 - State Regulations (Title 25 [25 CCR], commencing with Section 7715)



Authority Post September, 2019

- Senate Bill 3 (SB 3) (Chapter 365, Statutes 2017) authorized the Veterans and Affordable Housing Bond Act of 2018.
 - SB 3, adopted by voters on November 6, 2018 (Proposition 1), authorizes the issuance of \$300 million of State General Obligation Bonds for the CalHome Program.
 - According to the SB 3 Bill, HCD may adopt guidelines establishing program requirements.
 - Guidelines apply only to funds awarded by Prop 1

Key Changes





Draft Guideline - Purpose

- The guidelines provide a legal framework for the CalHome program
- Guidelines defer to other documents, where appropriate, for details or directions:
 - CalHome Statute
 - SB 3
 - Standard Agreement
 - NOFAs



Draft Guidelines – Goals and Objectives

- To clearly define CalHome Program requirements.
- To align Guidelines with state policy objectives.
 - To address emergent circumstances such as natural disaster or economic dislocation, incentivize climate adaptation and resiliency efforts, and serve disaster affected areas.
 - To focus CalHome program more on production, including the creation of ADUs and JADUs.
- To provide consistency across Department's single family programs.
- To relax regulations containing strict general applicant experience and activity-specific experience requirements and help inexperienced Applicants qualify for CalHome funds.
- To address excusable or unforeseeable project delays.



Draft Guideline Structure

- Guideline sections:
 - **Article 1: General**
 - **Article 2: General Program Requirements**
 - **Article 3: Homeowner/Homebuyer Loan Requirements**
 - **Article 4: Mortgage Assistance Programs**
 - Article 5: Owner-Occupied Rehabilitation Program
 - Article 6: Self-Help Technical Assistance Projects
 - **Article 7: Shared Housing Programs**
 - **Article 8: ADU Programs**
 - **Article 10: Application Procedures**
 - **Article 11: Program Operations**



Article 1. General

Substantive Changes:

- § 7715 – Purpose and Scope:
 - SB 3 authority
 - CalHome statute authority



Article 1. General

Substantive Changes :

- § 7716(a) – Definitions: **Accessory Dwelling Units (ADUs)**
 - This definition is added to clarify that the statutory definition applies.
- § 7716(b) – Definitions: **Activity Delivery Fees (ADFs)**
 - This definition is added to provide clarity and to add consistency with Department's single family programs such as CDBG.
- § 7716(e) – Definitions: **Annual Income**
 - This definition is added for consistency with Department's single family programs such as CDBG and HOME.



Article 1. General

- § 7716(j) – Definitions: **Community Revitalization**
 - This definition is revised because reference to Redevelopment Agencies does not apply any longer.
 - Reference to a federally defined Qualified Census Tract (QCT) is removed from the definition.
- § 7716(o) – Definitions: **Eligible Households**
 - This definition is expanded to reflect a pending budget trailer bill, which would amend statute to assist households at or below moderate income (120 percent AMI) in areas affected by disasters.
- § 7716(x) – Definitions: **Junior Accessory Dwelling Units (JADUs)**
 - This definition is added to clarify that the statutory definition applies.
- § 7716(y) – Definitions: **Loan**
 - This definition is added to clarify that the statutory definition applies.



Article 1. General

- § 7716(cc) – Definitions: **Lower and Low Income Households**
 - This definition is added to clarify that the statutory definition applies.
- § 7716(ff) – Definitions: **Mobilehome Park**
 - This definition is added to clarify that the statutory definition applies.
- § 7716(gg) – Definitions: **Moderate-Income Households**
 - This definition is added to clarify that the statutory definition applies.
- § 7716(qq) – Definitions: **Owner-Occupied Rehabilitation Program**
 - This definition is added for consistency with other CalHome program activities.



Article 1. General

- § 7716(rr) – Definitions: **Program Income (PI)**
 - This definition is added for consistency with Department's single family programs such as CDBG and HOME
- § 7716(uu) – Definitions: **Rehabilitation**
 - This definition is expanded to provide a reference to resiliency planning, which aligns with state policy objectives and Department's goal to address disaster resiliency planning.
 - The definition is expanded to include repairs and improvements to an ADU or a JADU necessary to correct any condition causing the unit to be substandard.
- § 7716(fff) – Definitions: **Very Low Income Household**
 - This definition is added to clarify that the statutory definition applies.



Article 2. General Program Requirements

Substantive Changes :

- § 7717(a) – Geographic Restrictions
 - The current CalHome regulations contain strict general applicant experience and activity-specific experience requirements that make it difficult for the inexperienced entities to gain activity-specific experience.
 - To help inexperienced counties qualify for CalHome funds, the Department is allowing localities to hire the nonprofits or for profit consultants located and/or registered in other counties and removing the requirement that nonprofits are eligible to apply for an award only if they have developed a project or operated a program within the county they intend to serve.



Article 2. General Program Requirements

- § 7717(b) – Stability and Capacity
 - To address emergent circumstances such as natural disaster or economic dislocation, the Department is enabling flexibility to Section 7717(b)(5) to alter or waive state-required threshold criteria set forth in this section as needed to help qualify areas affected by disasters.
- § 7717(c) – Reporting Requirements
 - To incentivize Recipients to submit past due reports and gain insight into Recipient activities, the Department is adding a Reporting Requirements Subsection as threshold in the General Applicant Eligibility Requirements Section.



Article 2. General Program Requirements

- § 7718(a)(2) – Eligible Activities
 - To ensure compliance of rehabilitation related activities with local building standards, the Department is adding additional language to the list of eligible activities.
- § 7718(a)(5) – Eligible Activities
 - To increase affordable housing in CA and provide more housing opportunities for low-income tenants, the Department is incorporating a pending budget trailer bill, which will allow CalHome to fund the construction, repair, reconstruction, or rehabilitation of ADUs and JADUs.
- § 7718(b) – Eligible Activities
 - This section is expanded to incorporate the ADU-related activities.



Article 2. General Program Requirements

- § 7720(a) – Eligible Households, Calculating Income
 - To provide consistency across Department's single family programs and to be able to apply the same income calculation approach across all single family programs to determine income eligibility, the Department is referring to Chapter three of the Income Calculation and Determination Guide for Federal Programs.
- § 7720(b) – Eligible Households, Calculating Income
 - Ibid



Article 3.

Homeowner/Homebuyer Loan Requirements

Substantive Changes :

- § 7726(f) – Homeowner/Homebuyer Loan Terms
 - To ascertain the rule on local resale restrictions in the current CalHome regulations, the Department is clarifying that in any loan transaction where there is no other public subsidy or public resale restriction, the Borrower cannot be restricted from selling the home at its fair market value at any time.



Article 4. Mortgage Assistance Programs

Substantive Changes :

- § 7729 – Eligible Costs
 - The section is expanded to incorporate the proposed ADU related activities. See Section 7718(a)(5).



Article 7. Shared Housing Programs

Substantive Changes :

- § 7739 – Eligibility Requirements
 - To help Applicants qualify for the Shared Housing activity of CalHome program, the Department is allowing Applicants to use experience administering shared housing program outside CalHome context.



Article 8. ADU Programs

Substantive Changes:

§ 7742 to § 7745 – ADU Programs

A pending budget trailer bill will allow CalHome to fund the construction, repair, reconstruction, or rehabilitation of ADUs and JADUs. This change is subject to a pending trailer bill.

- § 7742 – Eligibility Requirements
- § 7743 – Eligible Costs
- § 7744 – Local Program Administration Requirements
- § 7745 – Underwriting and Construction Requirements



Article 9. Development Loan Requirements

Substantive Changes:

- § 7747 – Eligible Costs
 - This definition is expanded to reflect a pending budget trailer bill, which would amend statute to incorporate the proposed ADU-related activities. This change is subject to a pending trailer bill.
- § 7750 – Development Loan Terms
 - This definition is expanded to reflect a pending budget trailer bill, which would amend statute to assist households at or below moderate income (120 percent AMI) in areas affected by disasters. This change is subject to a pending trailer bill.



Article 10. Application Procedures

Substantive Changes:

- § 7753(b) – Application Process
 - To address emergent circumstances such as natural disaster or economic dislocation and, the Department is enabling flexibility to Section 7749(b) to implement measures to directly fund awards to designated Local Program types or project types, including programs and projects located in a geographic area subject to a presidential declaration of disaster or a gubernatorial proclamation of a “state of emergency” or a “local emergency”.
- § 7755(b) – Application Process
 - To simplify the point system and align with other Department’s programs, the Department is redefining point structure.



Article 10. Application Procedures

- § 7755(b)(4) – Selection Criteria, Community Revitalization
 - To address emergent circumstances such as natural disaster or economic dislocation and incentivize climate adaptation and resiliency efforts, the Department is adding language to Section 7751(b)(4) to help qualify areas that are developing rehabilitation programs.
- § 7755(b)(5)(C) – Selection Criteria, Volunteer Labor, Self-Help or Youth Construction Skills Training Program
 - To focus CalHome program more on production, the Department is adding the additional subsection 7751(b)(C) that a minimum of 15 percent of units will include an ADU or a JADU.



Article 11. Program Operations

Substantive Changes:

- § 7759 – Performance Goals
 - To enable flexibility in the current CalHome Regulations when it comes to excusable or unforeseeable project delays and allow recipients affected by unavoidable delays to finish otherwise worthy projects, the Department is allowing for greater flexibility in the administration of local program activities, homeownership development projects, and the administration of technical assistance.

Next Steps





Guideline Adoption Schedule

- Public comment period closes July 9, 2019
- Other opportunities to comment:
 - Submit a written comment to CalHome@hcd.ca.gov
- Final Guidelines scheduled for adoption in September 2019



NOFA Schedule

- General NOFA scheduled for September 2019
- CalHome Program will offer:
 - Approximately \$300 million in funding over the next five years.
 - Funding will be announced in a NOFA.

Public Comment





Public Comments

- Public comments can be directed to CalHome@hcd.ca.gov.
- Please include the section number associated with your comment.
- Comments must be received no later than 5:00 P.M. July 9, 2019 to be included in the comment review and response document